



Background

June 20, 2006

- Energy Policy Act of 1992- amended the Federal Power Act to allow the Federal Energy Regulatory Commission (FERC) to order access to utility transmission systems, including the Federal Columbia River Transmission System.
- FERC Comparability Standard
 - “An open access tariff that is not unduly discriminatory or anticompetitive should offer third parties access on the same or comparable basis, and under the same or comparable terms and conditions, as the transmission provider’s uses of its system.”
- April 24, 1996, FERC Order 888 prescribed pro-forma, open access tariffs to ensure competitive power markets.
- BPA has voluntarily complied with this ruling.
- Open access provides, non-discriminatory access to transmission products and services.

Open access and BPA

Open access, non-discriminatory treatment of all customers

- BPA adopted the OATT in 1996.
 - Defines the terms and conditions (rules) of Point-to-Point and Network Integration Transmission services.
- BPA separated into Business Lines.
- BPA implements Standards of Conduct (SOC) – All customers receive transmission system information at the same time, and transmission and power marketing employees function independently.
- In October 2001, BPA's requirements customers established their own transmission contact under the BPA Open Access Transmission Tariff with BPA Transmission.

What does open access mean for BPA's power preference customers?

- Since 2001, BPA has not offered new bundled power and transmission service.
- All transmission customers must follow the terms and conditions of the Tariff regardless of their power supplier.
- Open Access means customers have fair and equitable opportunities to request transmission products and services.

- Business practices are the “rules of the road”.
- Provides policy and procedures for doing business with TBL; includes specific detail about implementation of the OATT.
- Business Practices can be found at
www.transmission.bpa.gov/Business_Practices

What services are provided under the OATT?

Point-to-Point (PTP) Service

- Demand based transmission service (**customers** request the MW **they** want).
- Contract-demand, directional, take-or-pay.

Network Integration (NT) Service

- Is a firm transmission service, which provides for the delivery of power from a specified set of resources called Network Resources to its Network Load.
- Provides, if needed to meet load growth, that BPA will plan and construct, consistent with Good Utility Practice to provide transmission from the specified Network Resources to Network Load.
- Customer cannot use NT to market power - must purchase PTP.

What is the OASIS ?

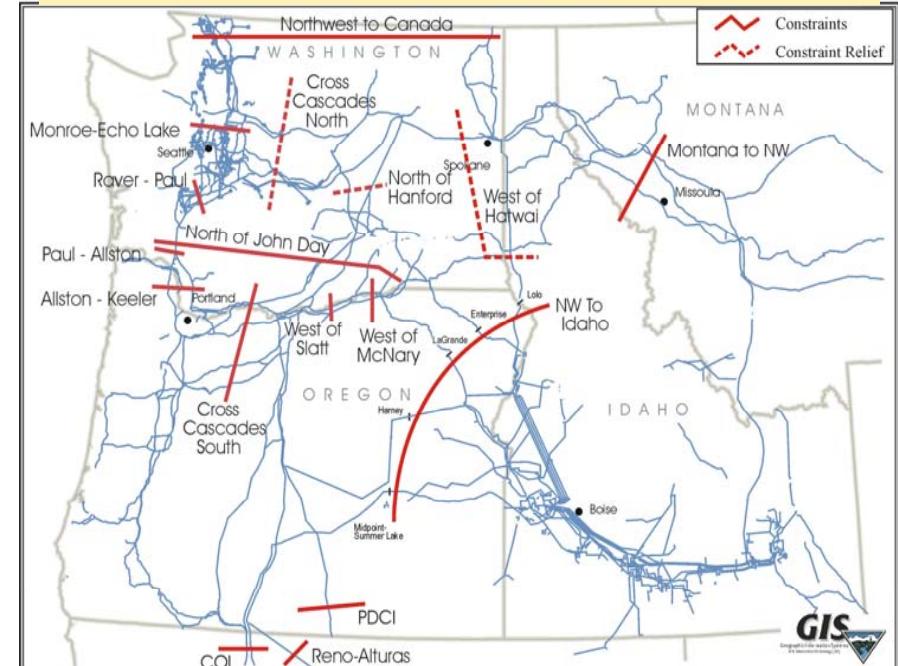
- The OASIS is the Open Access, Same Time Information System.
- To level the playing field, FERC ordered electronic bulletin boards be established where real-time transmission information is posted on a Web site to provide equal access to information for all transmission customers.
- The OASIS will be the primary vehicle for acquiring transmission and requesting changes to existing transmission service.

Current State of the Transmission System

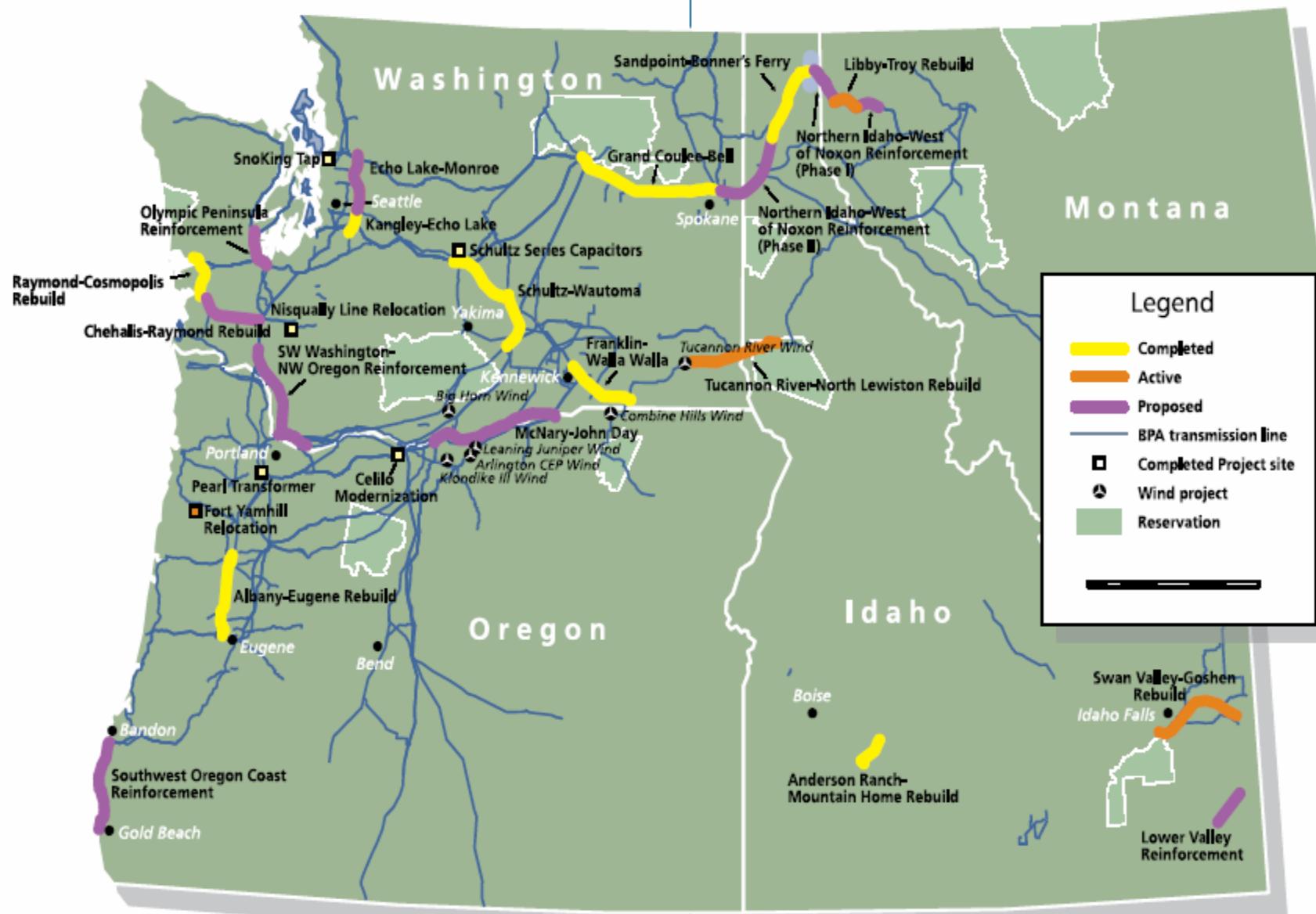
The Rules Work

- Transmission system is efficiently used (little LTF surplus transmission capability is available).
- Transmission constraints currently exist and may be better managed with the Congestion Management Strategy that is ultimately implemented.
- New transmission infrastructure projects have been built (Grand Coulee-Bell, etc.)
- New generation interconnected from 1999 to 2005:
 - Eight Wind projects - 478 MW total
 - Seven Thermal projects - 2,520 MW total
- More than 1,000 MW of additional Long-term Firm (LTF) sales (from 131 offers of service) between April and October of 2005).

2005-06 NW Constraints



BPA Infrastructure Projects



- Customers are currently using BPA's Transmission system in ways that were not envisioned when the system was built
 - Growing loads
 - Changing composition of loads
 - New resources
 - Decreased flexibility in the federal hydro system
 - What is planned for ahead of time and what actually occurs are sometimes dramatically different, and
 - More conservative planning and assumptions resulting from 8/10/96 West Coast Outage.
- Network congestion is not yet chronic, though it is persistent.
- Currently, Network congestion is not **managed** so it can be avoided; it is **reacted to** when it occurs, resulting in:
 - Reduced reaction time
 - Blunt and often disruptive tools, and
 - Increased periods when system is vulnerable to contingencies that could expose the system to a cascading outage
- Solution may involve a change to the current practice of "accepting all schedules" on the Network and a potential reduction in the amount of hourly capacity that is available for reservation and scheduling

Where do we go from here?

- Regional Framework
- Developing New tools to increase economic/system efficiency
 - Congestion Management Strategy development and implementation
 - Automated Scheduling Systems
 - Continue to refine our ATC Methodology (increase our understanding of the systems capability)
- Building New Transmission infrastructure for new resource interconnection and transmission service
- Assuring System Reliability
 - Building New Transmission Infrastructure (incl. local reinforcement) projects to meet on-going contract obligations (e.g. Coulee-Bell)
 - Redispatch (currently limited to Federal generators) to relieve constraints where possible
 - Non-wires approaches (Olympic Peninsula)